

BIDDING PROCEDURES

- A) **The Debtor and its Assets.** The Chapter 11 Debtor is APF Group, Inc. (d/b/a A.P.F. Master Framemakers, a/k/a APF Munn), pending in the Bankruptcy Court for the Southern District of New York, White Plains Division, Case No. 09-23696 (RDD). The Debtor is a designer, manufacturer and distributor of picture frames and framed mirror. The Sale is for substantially all of the Debtor's assets including (1) all tangible personal property, (2) all inventories, (3) all intellectual property, (4) all assets owned by the Debtor, whether personal property or real property, tangible or intangible, and (5) all of the Debtors' right, title and interest in and to all other assets, whether real or personal, tangible or intangible used by the Debtors or useful in the operation of the Business except for the Debtor's Bankruptcy Chapter 5 Claims, cash, capital stock, insurance policies and insurance Contract, and assets of any "employee benefit plan". For further information on the Debtor and its Assets, please contact Rattet, Pasternak & Gordon-Oliver, LLP, Attn: Jonathan S. Pasternak, Esq. (914) 381-7400.
- B) **Qualified Bidder.** An entity that is seeking to become a qualified bidder ("Qualified Bidder") must deliver a Qualified Bid (as defined in Section C below) no later **February __, 2011 at 4:00 p.m.** The Debtor reserves the right to waive nonmaterial defects in becoming a Qualified Bidder prior to the auction, in its discretion.
- C) **Qualified Bids.** The Debtor will consider as higher or better offers only those bids that constitute Qualified Bids. A "Qualified Bid" is a bid submitted by a Qualified Bidder that:
1. Is in writing;
 2. Is a proposal that the Debtor determines is proposed by one or more persons that are financially able to consummate the purchase of the Debtor's Assets, and (i) is accompanied by current audited or verified financial statements of, or verified financial commitments obtained by, the potential bidder (or, if the potential bidder is an entity formed for the purpose of acquiring the property to be sold, the party that will bear liability for a breach); and (ii) accompanied by a deposit of cash or cash equivalent which is ten percent (10%) of the bid amount (the "Deposit"). All such checks shall be made payable to "Rattet, Pasternak & Gordon-Oliver, As Attorneys", to be held in escrow by Rattet, Pasternak & Gordon-Oliver, LLP pending the results of the Auction (as defined below). The Deposit shall be returned within two (2) business days after the closing of the Sale of the Assets to the winning bidder, except that the Debtor shall hold the Deposit of the winning bidder (as determined by the Court) and apply such Deposit to the Purchase Price at the closing or as otherwise set forth below;
 3. Does not request or entitle the bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment;
 4. Is not subject to any further due diligence or any other material condition other than Bankruptcy Court approval of the offer and delivery of necessary documents and instruments of transfer at closing;
 5. Indicates that the Qualified Bidder is prepared to enter into and consummate the transaction no later than one (1) business day following the Sale Hearing (Backup Bidders, as defined below, shall be prepared to close five (5) days thereafter);
 6. Is irrevocable until the closing on the Debtor's Assets, except for the bid of APF Management Company, LLC (the "Stalking Horse") which shall remain open for 14 days after the Sale Hearing, unless otherwise agreed between the Debtor and the Stalking Horse;
 7. Contains the completed Offer & Bidder Registration form; and
 8. Is received no later than **4: 00 p. m., prevailing Eastern time, on February __, 2011** (the "Bidding Deadline"), by counsel to the Debtor, Rattet, Pasternak & Gordon Oliver, LLP, 550 Mamaroneck Avenue, Harrison, NY 10528, Attn: Jonathan S. Pasternak, Esq.

D) Due Diligence. Any party interested in submitting a bid for the Assets may contact the Debtor's counsel for the purpose of receiving information concerning the Assets to be sold; provided, that such party shall first sign an appropriate confidentiality agreement. Any additional due diligence shall not continue after the Bid Deadline and no Qualified Bid shall contain a due diligence condition.

E) Auction. If the Debtor receives Qualified Bids, other than the Qualified Bid of the Stalking Horse, by the Bidding Deadline, an auction (the "Auction") will be held **2:00 p.m. on February __, 2011** at Rattet, Pasternak & Gordon-Oliver, LLP, 550 Mamaroneck Avenue, Suite 510, Harrison, New York 10528. Only Qualified Bidders will be entitled to make any subsequent Qualified Bids at the Auction. Bidding at the Auction will continue until such time as the highest and/or otherwise best Qualified Bid is received. The Debtor may announce at the Auction additional procedural rules that are reasonable under the circumstances (e. g., the amount of time allotted to make subsequent overbids) for conducting the Auction. In addition, the Debtor shall have the right to entertain bids that do not conform to one or more of the non-material requirements specified in the Bidding Procedures Order and deem such bids Qualified Bids, subject to Court approval at the hearing to approve the Sale on **February, 2011 at 10:00 a.m.** If the Debtor does not receive any Qualified Bids, other than the Qualified Bid of the Stalking Horse, by the Bidding Deadline, the Debtor reserves the right to cancel the auction and proceed to seek approval of sale of the Asset to the Stalking Horse.

F) Purchase Price, Break-Up Fee and Bidding Increments. The Purchase Price is for a minimum of \$2,001,616 plus assumption of certain ordinary course post-petition vendor payables (the "Payables") up to a cap of \$125,000. There is a Break-Up Fee in the amount of \$85,000 for submission of the Initial Minimum Bid. The Initial Overbid shall be no less than \$2,201,616 plus assumption of the Payables, or \$2,326,616, and each bid thereafter shall increase in increments of not less than \$10,000.

G) Deposit. In the event that a Qualified Bidder is the winning bidder, and such winning bidder fails to consummate the proposed transaction by the Closing Date set forth in such winning bidder's purchase agreement, that bidder's Deposit shall be forfeited to the Debtor's estate (as liquidated damages), and the Debtor shall be free to consummate the proposed transaction with the next highest bidder at the final price bid by such bidder at the Auction (or, if that bidder is unable to consummate the transaction at that price, the Debtor may consummate the transaction with the next highest bidder, and so forth) without the need for an additional hearing or order of the Court.

H) Backup Bidder. All bids submitted for the purchase of the Debtor's Assets shall remain open, and all deposits held in the attorney escrow account of the Debtor's counsel until the sale of the Debtor's Assets to the Successful Bidder is consummated. In the event that the Successful Bidder is unable to consummate on the sale of the Debtor's Assets, the next highest and/or best bidder (the "Backup Bidder") will then be required to consummate on the sale of the Debtor's assets. However, if the Purchaser is the Backup Bidder, the Purchaser's bid shall remain open for 14 days after the Sale Hearing, unless otherwise agreed between the Debtor and the Purchaser.

OFFER & BIDDER REGISTRATION

With respect to the bankruptcy sale of the Assets of APF Group, Inc. (d/b/a A.P.F. Master Framemakers, a/k/a APF Munn), pending in the Bankruptcy Court for the Southern District of New York, White Plains Division, Case No. 09-23696 (RDD), as detailed in the Debtor's Motion For Order Authorizing the Debtor To Conduct Auction Of Substantially All Of The Debtors' Assets ("Motion") Bidder, _____

_____, does hereby offer to purchase on an all-cash basis the Assets set forth below for the consideration as allocated below:

Bidder hereby warrants and represents as follows:

(a) This written offer is subject to the terms and conditions of the accompanying contract and the "Bidding Procedures."

(b) This written offer, along with any subsequent verbal bids, is irrevocable until the earlier to occur of (i) the Closing (as defined in the Bidding Procedures) or (ii) forty-five (45) days following the Auction.

(c) This written offer is not contingent upon any financing.

(d) That, except as detailed in an accompanying affidavit, if any, neither Bidder nor any of its officers, directors, shareholders, members or partners is a shareholder, employee, or affiliate of the Debtor, or a relative of a shareholder, employee, or affiliate of the Debtor.

(e) That Bidder has had ample opportunity to, or waived any right to, inspect and examine the Assets identified above and to review the applicable Assumed Contracts and all other pertinent documents with respect thereto prior to making its offer and that Bidder relied solely on that review and upon its own investigation and inspection of the Assets in making its offer; that Bidder is not relying upon any written or oral statements, representations or warranties of the Debtor, its agents, representatives, consultants and/or attorneys, and that Bidder has obtained a complete copy of the "Bidding Procedures" and has read and understands same and agrees to abide by and be bound by such "Bidding Procedures."

Bidder will employ the following employees of the Debtor: _____

AGREED & ACCEPTED this ____ day of _____, 2011.

By: _____

(signature)

Name: _____

Title: _____

BIDDER I.D.

Bidder's Address: _____

Bidder's Contact: _____

Bidder's Phone & Facsimile Numbers: _____

Bidder's Email Address: _____

Bidder's Tax ID Number: _____

Any Business or Trade Names under which Bidder Operates: _____

ATTORNEY I.D.

Bidder's Attorney: _____

Bidder's Attorney's Address: _____

Bidder's Attorney's Phone & Facsimile Numbers: _____

Bidder's Attorney's Email Address: _____

BANK REFERENCE

Bank Name & Bank Contact: _____

Bank Address: _____

Bank Contact's Phone Number: _____